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BEFORE THE ARIZONA CORPORATION COMMISSION

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2006 SEP -8 P 2:57

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR
AUTHORITY TO IMPLEMENT ARSENIC COST
RECOVERY MECHANISMS FOR ITS AGUA
FRIA WATER, SUN CITY WEST WATER,
HAVASU WATER, AND TUBAC WATER
DISTRICTS

DOCKET NO. W-01303A-05-0280

Arizona Corporation Commission

DOCKETED

SEP 08 2006

DOCKETED BY



IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS SUN CITY WEST
WATER AND WASTEWATER DISTRICTS.

DOCKET NO. WS-01303A-02-0867

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS MOHAVE WATER
DISTRICT AND ITS HAVASU WATER
DISTRICT.

DOCKET NO. WS-01303A-02-0869

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON FOR
UTILITY SERVICE BY ITS ANTHEM WATER
DISTRICT, ITS AGUA FRIA WATER DISTRICT,
AND ITS ANTHEM/AGUA FRIA WASTEWATER
DISTRICT.

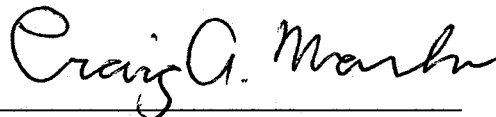
DOCKET NO. WS-01303A-02-0870

ARIZONA-AMERICAN WATER
COMPANY - NOTICE OF FILING
ADEQ LETTER

1
2 **ARIZONA-AMERICAN WATER COMPANY**
3 **NOTICE OF FILING**
4 **ADEQ LETTER**
5

6 Arizona-American Water Company ("Arizona-American" or the "Company") hereby
7 files a copy of a September 1, 2006, letter from the Arizona Department of Environmental
8 Quality ("ADEQ"). In this letter, ADEQ denies Arizona-American's request for a time-frame
9 extension for its Tubac Water District to meet the new federal arsenic standard.

10 **RESPECTFULLY SUBMITTED** on September 8, 2006.

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12 
13

14 Craig A. Marks
15 Corporate Counsel
16 Arizona-American Water Company
17 19820 N. 7th Street
18 Suite 201
19 Phoenix, Arizona 85024
20 (623) 445-2442
21 Craig.Marks@amwater.com

1 Original and 19 copies filed
2 on September 8, 2006, with:

3
4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8
9 Copies of the foregoing
10 mailed on September 8, 2006, to:

11
12 Ernest Johnson
13 Director
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington St.
17 Phoenix, Arizona 85007

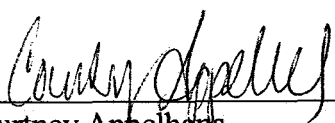
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19 Dwight Nodes
20 Assistant Chief Administrative Law Judge
21 Arizona Corporation Commission
22 1200 West Washington St.
23 Phoenix, Arizona 85007

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44 By:


45 Courtney Appelhaus
46



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • <http://azdeq.gov>



Stephen A. Owens
Director

September 1, 2006

Nina Miller
Arizona American Water
19820 N. 7th St.
Suite 201
Phoenix, AZ 85024

RE: New Arsenic Standard - Time Frame Extension Request PWS # 12-001, Arizona American Water Company - Tubac

Dear Ms Miller:

This letter is to inform you that your water system's request for a time frame extension for meeting the new arsenic standard, dated May 10, 2005, (pursuant to A.A.C. R18-4-111, Exemptions) has been found to be non-applicable at this time. Further processing of this request for a time frame extension based on the reason(s) outlined in your application would not be appropriate because of the following compliance determination related information.

The new federal arsenic standard of 0.010 mg/L went into effect on January 23, 2006. However, in accordance with EPA guidance and departmental policy, required arsenic compliance monitoring will be based on the system's preexisting compliance monitoring year. Please refer to ADEQ's Arsenic Compliance Policy, available on-line at <http://azdeq.gov/download/factpolicy.pdf> for more information on these timelines. Systems participating in the Monitoring Assistance Program (MAP) and who are due for inorganic monitoring in 2006 will be sampled during the fourth quarter of this year. All other MAP systems with a history of elevated arsenic levels are due to have arsenic samples taken during the first quarter of 2007 (non-MAP water systems adhere to a similar monitoring schedule). In summary, most ground water sources will have until the later part of 2007 before a final arsenic-related compliance determination is made. As such, a time frame extension for meeting the new arsenic standard is not required.

This time differential will allow most systems to take appropriate action to come into compliance with the new standard before any compliance analytical results must be submitted. Even then, a result greater than 0.010 mg/L would not necessarily cause the system to be in immediate violation of the new standard. In most cases, results greater than 0.010 mg/L would cause the system to move into quarterly arsenic monitoring. Compliance with the arsenic standard would then be based on the running annual average of four consecutive quarterly samples. Only if that average exceeds the new maximum contaminant level (MCL) would the system be out of compliance. Again, please refer to the above mentioned Arsenic Compliance Policy for more information.

We encourage you to continue your efforts toward completing any modifications or upgrades needed for your system to meet the new standard. We will also be finalizing guidance on the criteria the department will use to evaluate, and the proper format to submit, a future time frame extension request should it still be necessary.

If you have any questions about your application or our response, please contact me directly at (602) 771-4511.

Sincerely,

Brian Popadak
Safe Drinking Water Section

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733